GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:4232
ANSWERED ON:17.12.2002
ADVERSE EFFECTS OF THE TH AND TH PRICING PERIODS
KINJARAPU YERRANNAIDU;MOHAN RAWALE;RENUKA CHOWDHURY

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government have decided to undertake study to assess the viability of urea manufacturing units in view of the apprehensions expressed regarding the adverse/spill-over effects of the 7th and 8th pricing periods, prior to implementing the same;

(b) if so, the details of the composition of the study group and the terms of reference to the study group;

(c) if not, the reasons therefor;

(d) whether the Government of India would consult the State Governments prior toarriving at a decision to implement the pricing periods;

(e) if so, the time by which the meetings at going to take place; and

(f) if not, the reasons therefor ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI TAPAN SIKDAR)

(a) to (c): The Government does not expect any adverse impact on the viability ofurea manufacturing units on account of implementation of policy parameters for 7th and 8th Pricing Periods alone as Government continues to provide 12% post tax return on networth to these units.

(d) to (f): Parameters for 7th and 8th pricing periods were decided with the approval of the competent authority on 16.5.2002 and were notified to the urea companies on 4.6.2002. The 7th pricing period covers the period from 1.7.1997 to 31.3.2000 and the 8th pricing period will cover the period from 1.4.2000 to 31.3.2003 or till new pricing policy comes into existence, whichever is earlier. Based on approved parameters for 7th and 8th pricing periods, retention prices of all 32 urea units have already been notified.